

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

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Japan Highlights: April 1985

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Summary

Japanese reaction to US Congressional threats of retaliation over trade issues and to Prime Minister Nakasone's 9 April message on opening Japan's markets dominated news coverage and press commentary in April. Most media observers believe the public, ruling party, and even many bureaucrats are now convinced they must heed Nakasone's call to lessen trade friction.

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This memorandum was prepared by [redacted] Office of East Asian Analysis. Information available as of 30 April 1985 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Japan Branch, Northeast Asia Division, OEA [redacted].

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Some Japanese press commentators' have called Japan's \$37 billion trade surplus "appalling," and most press articles have reflected recognition that Japan must take steps to cut back its trade surplus. Although a variety of editorials have cited the strong dollar and the US fiscal deficit as factors contributing to the growing surplus and have alluded to misunderstandings of and racial prejudice against Japan, they also have concluded that Japan must give US products a "fair chance." [REDACTED]

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Newspaper reporting generally reflected an easing in tensions during late April, as Tokyo made concessions in the sensitive telecommunications sector and continued plans for talks on electronics, medical equipment and pharmaceuticals, and forestry products. Many reporters on the major dailies, however, appeared to believe that Washington would revive demands in other areas, including beef and other agriculture issues and depressed industries such as the aluminum industry. Some press commentators speculation cited Washington's frustration as a factor that could bring the United States to take up again the issue of Japan's "free ride" on defense. [REDACTED]

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On specific issues, most editorials in major Japanese dailies recognized the plight of the lumber industry. But

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commentators also criticized it for inefficient operation. Business-related press reports cited comments by business leaders who said the telecommunications and electronics industries could absorb any damage to their markets from trade concessions. The articles noted that domestic producers reportedly are confident they can compete with US manufacturers in an open market. On a less upbeat note, the president of the Japanese Pharmaceutical Association told reporters his industry can survive in an open market only if it seeks markets outside the country or exports plants. [redacted]

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The Prime Minister's Address

Most journalists found Nakasone's television speech on 9 April to be a "daring move" that clearly demonstrated a unique leadership style. A subsequent spot survey on the purchases of foreign goods by the Yomiuri, a major newspaper, however, disclosed that Japanese buyers would continue to base their selections on quality. Press coverage of political reaction to the Prime Minister's public initiative on trade focused heavily on reactions in the ruling party. Some senior Liberal Democratic Party (LDP) leaders used "backgrounders" to criticize Nakasone for failing to coordinate his plans for new "market opening" steps, although press speculation also spotlighted criticism from party Vice President Nikaido in particular as an

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effort to prevent Nakasone from monopolizing media attention.

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Most political observers believe Nakasone has succeeded in at least winning general support in the party for resolving the trade crisis. Throughout April, press stories covered Nakasone's frequent meetings with LDP committee members to discuss trade issues. The press has reported that the party's top leaders--its secretary general and the chairman of the Policy Affairs Research Council--have been conspicuously involved with Nakasone's market-opening efforts.

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Despite press stories that suggest the bureaucracy has also been a source of criticism of the highhandedness of Congress and US trade negotiators, Japanese officials have emphasized that Tokyo must take visible action to reduce trade friction. Press stories sourced to senior levels in the Ministry of International Trade and Industry as well as the Foreign Ministry have warned against the protectionist mood in Congress and the danger it will drive the Reagan Administration to drastic action. Even the Agriculture Ministry has admitted to reporters that it must lower tariffs sooner or later.


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Press coverage of the bilateral talks also has aimed a share of criticism at the bureaucracy. Editorial writers and

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other media observers in several stories in April pointed to "overbearing, arrogant bureaucrats" as the main cause of trade friction, while others have argued that differences over economic issues could be reduced by breaking up the entrenched interests that administer trade regulations. One observer in a major daily predicted that Nakasone's efforts to open Japanese markets to foreign goods will further chisel away at the bureaucratic power structure. 

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